

Conversations, collaborations and commerce: the international activities of Industry Training Organisations

Carrie Murdoch
Industry Training Federation of New Zealand

Introduction

This research project provides a descriptive overview of New Zealand Industry Training Organisation's (ITOs) international educational activities.

This is the first collection of information on the international activities of ITOs and is intended to provide a snapshot and a basis from which to undertake more analytical research.

This research identifies the opportunities available to ITOs to increase the level of their international activities, and therefore revenue, the reasons for ITOs international activity, and the strategic initiatives necessary to support ITOs so that they are able to capitalise on the current opportunities.

This paper was produced by the Industry Training Federation of New Zealand (ITF). The ITF is a membership organisation, based in Wellington, New Zealand, which represents Industry Training Organisations (ITOs) to government. The ITF works closely with government agencies, peak bodies, and employer and employee organisations to improve the policy for, and delivery of, industry training.

Background

For the purposes of this research, export education is defined to include teaching or training of international students within New Zealand, the provision of educational services designed and or delivered by New Zealand ITOs to overseas locations, as well as consultancy and technical assistance.

Export education has the potential to be one of New Zealand's largest export earners. Recently, the Labour/Alliance Government significantly increased funding for a strategy to help grow the export education industry, and specifically to increase total export education earnings to NZD \$1 billion annually within three to four years.¹

In August 2000, the Ministry of Education published a report entitled *Export Education in New Zealand - A Strategic Approach to Developing the Sector*² (the Export Education Strategy). The report discussed the current state of export education in New Zealand and examined what government needed to do to ensure that growth within the export education sector is balanced and continues to be of a high quality.

¹ Currently the export education industry contributes approximately NZD \$700 million annually to New Zealand's GDP.

² The Ministry of Education (August 2001), 'Export education in New Zealand: a strategic approach to the development of the sector', International Unit, New Zealand.

To date the discussion regarding export education in New Zealand has focused exclusively on the role of and opportunities for Tertiary Education Providers (TEPs).³ The Associate Minister of Education (Tertiary Education) Steve Maharey commented:

It is absolutely vital that our universities, our polytechnics, our colleges, and our private providers can work together, particularly on the development of an export education strategy.⁴

This ignores the current and potential role of ITOs and has partly contributed to the need for this research.

Industry Training in New Zealand

The Industry Training Strategy was established in 1992 pursuant to the Industry Training Act 1992 and is both a labour market and a tertiary education initiative. The Industry Training Strategy, which was reviewed during 2000/01, is generally regarded as having been successful at increasing participation in training, increasing the diversity and responsiveness of training and training providers, and in developing a training culture in New Zealand enterprises.

ITOs have three key roles: the development national standards and qualifications, arranging and purchasing training to meet those standards, and providing quality assurance.⁵ These roles are set out in section 6 of the Industry Training Act 1992.

ITOs *do not* deliver training.⁶ Industry delivers training both on- and off-job. On-job training can be delivered by individual enterprises using their own staff that are trained and registered by an ITO. Off-job training is typically delivered in partnership with training providers including Polytechnics (TAFEs) and Private Training Establishments (PTEs).⁷ No government agency tracks the proportion of on-job versus off-job training and increasingly the distinction is moot.

In the year ending December 2000, approximately 81,000 people were or had been engaged in industry training in approximately 22,000 individual enterprises.⁸ Government funding for industry training was approximately \$65 million dollars and industry cash funding was approximately \$27 million.⁹

³ Tertiary Education Provider (TEP) is an organisation, either public or private, or community based, offering tertiary education.

⁴ Hon Steve Maharey, 'Seizing the Opportunity', 17 August 2000.

⁵ Primarily in the form of registering workplace assessors and accrediting workplaces and TEPs to train and assess national standards.

⁶ Section 10 (b) of the Industry Training Act 1992 expressly prohibits ITOs from "providing" training although what constitutes "providing" is increasingly unclear.

⁷ A Private Training Establishment is an establishment, other than an institution, that provide post school education and vocational training.

⁸ Skill New Zealand, the agency the currently administers the Industry Training Act, publishes an annual report of key training statistics. The report on 2001 is not yet available.

⁹ Only cash supported by an invoice is counted in this figure. Total industry funding is likely to be at least twice this.

Methodology

This paper is the first collection of information on the international activities of ITOs and provides a snap shot of current activity in order to raise the profile of industry training as a source of export education revenue and partner in the Export Education Strategy.

The research sample was selected from all ITOs that are members of the ITF.¹⁰ Selection of ITOs for interviews was based on information provided to the ITF. In all, a broadly reflective selection of 13 ITOs¹¹ was interviewed and these interviews form the basis for this report.

Key Findings

Industry Training in the International Context

Based on the interviews, many international enterprises and agencies regard New Zealand as having an advanced and sophisticated industry training system that has several key features not common in other countries systems. Specifically, two features were noted; responsibility for accreditation of providers and for moderation of assessment, and responsibility for purchasing training. In addition, New Zealand ITOs are perceived to have unique knowledge and experience with developing competency-based training systems for implementation in workplaces.

Many ITOs are noticing growing demand for information about the development and implementation of New Zealand's system. A number of ITOs are being approached by international enterprises or government agencies seeking their advice on qualification development, assessment design and quality assurance mechanisms, specifically moderation. Also, the ITF is regularly asked for briefings from overseas agencies visiting New Zealand (often as part of Australasian study tours).

The majority of ITO activity is generated by enterprises that are operating internationally and have extensive domestic involvement with ITOs. Countries frequently identified by ITOs include Australia, South Africa, Chile, and the South Pacific. Other countries include the U.S.A., the United Kingdom and Canada.

ITOs identify the potential for significant increases in international activity and for this activity to be linked to the Export Education Strategy and the broader tertiary education system.

International Activities of ITOs

Most international activity leverages off ITOs domestic activity. Specifically, ITOs international activity typically uses domestic training resources and consultancy

¹⁰ Membership of the ITF is voluntary. Currently 42 ITOs (out of a total of 46 as at November 2001) are members. This represents around 99 percent of all industry training funded by government.

¹¹ Agriculture ITO; Aviation Travel and Tourism ITO; Design Construction and Consultancy ITO; Electricity Supply ITO; Extractives Industry Training Organisations; Furniture ITO; Fire Rescue Services ITO; Gas and Petrochemicals ITO; Motor ITO; New Zealand Ambulance Education Council; Plastics ITO; Road Transport and Logistics ITO; and Seafood ITO.

services and relies on the experience gained from the development and implementation of the New Zealand system.

Generally, the driver of most international work are individual enterprises; either diversifying off-shore or multinational enterprises wishing to streamline their training activities. Some international activity has been developed in response to requests from overseas agencies.

Most ITOs active internationally consider their international work of secondary importance to their domestic activity (and in almost all cases, the vast majority of the ITOs income is derived from domestic activity). Where this was not the case, the international activities were not self-sustaining and generally relied on resources developed as part of the ITOs domestic activity.

Analysis of ITOs' international activities reveals five broad streams of activity. They are:

1. Informal sharing of information and resources;
2. Establishing equivalencies and mutual recognition of qualifications;
3. Selling and purchasing of training materials and resources;
4. Training New Zealanders abroad, and internationals in New Zealand; and
5. Consultancy services on the establishment of an Industry Training infrastructure.

Generally, ITOs international activities have developed in an ad hoc manner without any formal strategies or marketing.

Almost all ITOs interviewed participated in some form of informal sharing of information and resources with equivalent international organisations.¹² The sharing of information is seen as an excellent opportunity for ITOs to develop international networks and relationships which may lead to more formal links and business opportunities.

Many ITOs are engaged in establishing equivalencies and mutual recognition arrangements with other countries. The Trans-Tasman Mutual Recognition Agreement (TTMRA) between Australia and New Zealand is an example of such activity. Establishing equivalencies and mutual recognition arrangements between countries, particularly with Australia, is seen as critical for ITOs given the large number of industries that operate on both sides of the Tasman Sea and globally.

The purchasing and selling of training materials and resources is either revenue generating or revenue saving for many ITOs. Several ITOs find it necessary to engage with parallel international organisations in order to achieve economies of scale in the development of qualifications and resource materials. A number of ITOs have close informal or formal relationships with their equivalent ITAB and/or TAFE for this purpose. ITOs can make considerable savings by accessing material¹³ already

¹² Frequently with organisations in Chile, South Africa, the United Kingdom, and Australia.

¹³ Resource materials include: text books, work books, c.d. rooms, and videos.

developed overseas and modifying these resources slightly in order to be New Zealand specific.

More specifically, ITOs can share the costs associated with technology advances and consequential need to redevelop training materials. Increasingly the development of resources, particularly those developed in Australia, include New Zealand requirements.

In contrast, several of the ITOs interviewed are pursuing strategies for generating revenue by marketing and selling resources overseas. The New Zealand ITO¹⁴, for example, supplies resources to the USA, Latin America, Asia, and Australia. The export of training resources is expected to continue to grow, however, several ITOs believe that greater opportunities lie in developing and implementing integrated workplace training systems.

For some ITOs, New Zealand industry is too small to support the development of training, particularly training at higher levels of the National Qualification's Framework (NQF).¹⁵ These ITOs are increasingly collaborating internationally in order to develop qualifications and also to train New Zealand learners. For instance, there is no tertiary provider in New Zealand delivering mining qualifications and it is therefore necessary for the Extractive Industries Training Organisation (EXITO)¹⁶ to purchase training from Australian organisations¹⁷ at a certificate and diploma level.

EXITO is also involved in training South African mining trainees to New Zealand qualifications. In this instance, the training is in South Africa but the credits are registered on the New Zealand NQF and the trainees receive a New Zealand Qualifications Authority¹⁸ certificate of competency. EXITO is not the only ITOs working with South African industries; others include the Design Construction Consultants ITO (DCCITO)¹⁹ and the Road Transport and Logistics ITO (RTLITO).²⁰

A number of ITOs are also providing, directly or indirectly, advice to both industries and to governments on the establishment of an industry training infrastructure. New Zealand is regarded as offering an excellent working model of industry training and ITOs offer their practical expertise in implementation of this working infrastructure.

¹⁴ The New Zealand ITO is the industry training organisation for the dairy and meat processing industries.

¹⁵ The National Qualification's Framework (NQF) is a system designed to recognise attainment of knowledge, understanding and skills by all people in New Zealand in accredited learning environments. Qualifications currently register of the NQF comprise of unit standards – statements of learning outcomes.

¹⁶ The New Zealand Extractive Industries ITO (EXITO) is the industry training organisation for: mining; tunnelling; quarrying rock, sand and lime; civilian use of explosives; and drilling.

¹⁷ For example, the Australian Institute of Quarrying.

¹⁸ The New Zealand Qualifications Authority (NZQA) co-ordinates national qualifications, and deals with the provision and quality of qualifications; it does not write the curriculum and it does not provide funds for education and training.

¹⁹ The Design and Construction Consultants ITO (DCCITO) is the industry training organisation for architecture, engineering, graphics, product development, management, manufacturing, surveying, planning and environmental services or associated activities in a design or construction related process.

²⁰ The Road Transport and Logistics ITO (RTLITO) is the industry training organisation for the road transport and logistics industries.

This group of ITOs strongly agree that there potential for growth in consultancy services and revenue.

Analysis of the ITOs that have provided consultancy services internationally reveal several models. In some instances, individual ITOs have formed separate²¹ or subsidiary companies,²² whereas other ITOs engage in international consultancy work with support from government agencies.

The RTLITO, in conjunction with the New Zealand Ministry of Foreign Affairs and Trade aid programme, provide services in South Africa to assist the development of industry training in the stevedoring industry.

The DCCITO has developed consultancy services based on the New Zealand experience. In 2000, after a two year, world-wide review, the Chilean construction industry entered into an arrangement with the DCCITO to develop a system based on the New Zealand model.

Learning Energy New Zealand Ltd (LENZ) is a wholly owned limited liability company established by the Gas and Petrochemical ITO (GPITO).²³ The role of LENZ is to provide profit and knowledge to the advantage of GPITO and the New Zealand industry. LENZ recently beat a number of large international consultancies to win a contract with Shell Philippines for assessing their staff and the expertise of member companies.

Non-participation

In contrast to the activities described above, many ITOs do not engage in international activities. This is frequently a deliberate strategy and not merely because the ITO has not identified opportunities. Many ITOs in this group do not believe they could develop international business without compromising their domestic activities. This, they argue, is a function of limited resources, the upfront costs, and the fact that few ITOs have significant international networks.

It is generally agreed that sourcing and servicing international activity requires a committed resource base and a competitive and sustainable strategy. All of the interviewed ITOs agreed that the lack of resources is a severe handicap in the pursuit of international activities. Furthermore, all ITOs noted that freeing up resources for international activity was difficult, particularly because the contract between Skill New Zealand²⁴ and ITOs provides funding only on the basis of New Zealand registered trainees.

Another impediment to international activity identified is the lack of internationally recognised or comparable standards. While the NZQA is responsible for the integrity of the New Zealand NQF, the NQF cannot be readily compared or benchmarked

²¹ For example, the Design and Construction Consultants ITO (DCCITO).

²² For example, the Gas and Petrochemical ITO (GPITO).

²³ The Gas and Petrochemical ITO is the industry training organisation for the gas and petrochemical industry.

²⁴ Skill New Zealand is the government agency responsible for the administration of the Industry Training Fund.

internationally. The development of an international quality assurance framework or agency, or at least an Australasian Qualifications Framework, would improve international recognition of New Zealand standards.

Benefits of Activity

ITOs identify a range of benefits from their international activity. Key benefits identified include:

- Developing qualifications and systems that are globally recognised;
- Realising economies of scale;
- Accessing new technologies and building capacity;
- Generating revenue; and
- Supporting their owners' business strategies.

The increasing internationalisation of industry provides ITOs with both opportunities and threats to the extent that ITOs have competitive advantages, these advantages are both difficult to recognise and valuable. Note none of the ITOs involved in this research were prepared to provide accurate figures of the costs or revenue associated with their international activities.

Initiatives for Moving Forward

From this research, a number of strategic initiatives appear necessary to support ITOs in their international activities. Initiatives include building capacity, capability, and promoting ITOs and industry training internationally.

It is essential to build international recognition of New Zealand's industry training infrastructure, skills and expertise, rather than relying on the present ad hoc methods. Equally important, is the establishment and strengthening of relationships with other country's education and training agencies and qualifications authorities and industries in order to extend international understanding of the New Zealand's industry training system.

While raising the profile of New Zealand's industry training infrastructure and marketing the associated expertise and knowledge is critical, increased market share and revenue generation will only be realised if there is a single body²⁵ responsible for the coordination, management, and championing and sourcing of international activities.

Individually ITOs may not break into the world of international consultancy, however collectively there would be strength in a consortium owned by the ITOs, dedicating someone to search for international work and create tenders. A consortium of national standard setting bodies would have considerable international weight.

Instead of forming a consortium or pursuing their own international activities ITOs could tap into already established networks. ITOs would make their knowledge and expertise available to those already working in the export education area, such as

²⁵ By body it is meant a consortium owned by ITOs, agency, or existing organisation.

Polytechnics International New Zealand Limited (PINZ).²⁶ These organisations have the resource base, the expertise and the networks already in place.

Alternatively ITOs could continue forming their own subsidiary companies following the GPITO and LENZ model.

Regardless of the model pursued, establishing contacts and networks is critical in sourcing international consultancy work and establishing a reputation, all of which require resources in terms of time, energy and money to develop.

An initial capital injection would enable ITOs, or an existing body or consortium of ITOs, to source, negotiate and fulfil initial international work obligations. Furthermore, funding would assist ITOs to develop business capabilities and capacity, and to promote New Zealand industry training infrastructure to key international organisations.

Conclusion

This research paper has provided a descriptive overview of the international activities of ITOs and considers the issues and opportunities facing the sector.

This paper identified that there is a current perception internationally that New Zealand's industry training infrastructure is world leading and has attracted considerable interest.

Five broad streams of international activities, all of which have developed in a reasonably ad hoc manner, have been identified. Overall, international activities of ITOs is usually based on their domestic roles and involves one or a combination of the following activities: the selling and purchasing of training materials and resources; the sharing of information; recognition of qualifications and establishing equivalencies; the brokering of training; or providing consultancy services.

Some ITOs have begun to develop distinct international strategies that reflect the needs of the industries they work with. Overall, these strategies include the establishment of subsidiary companies by individual ITOs or involve working closely with key government agencies.

ITOs need assistance to build capacity and capability in order to realise the opportunities available to them. It is critical to develop mechanisms and avenues for ITOs to access additional financial, physical and human resources needed to develop their international activities. Furthermore, equipping ITOs with the skills necessary to meet the challenges and opportunities is essential.

Additional research is needed to analyse options for collaboration between ITOs and other tertiary education organisations or the formation of a company owned by a consortium of ITOs.

²⁶ Polytechnics International Limited (PINZ) is a company owned by a consortium of institutions of the New Zealand education sector to bring together New Zealand's best available personnel in education and training and related consultancy services.